

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

March 12, 2019

APLA Funding Agreement, Sublease Approval, and Termination Agreement and Ground Lease with Charles R. Drew University of Medicine and Science

On December 18, 2018, the Los Angeles County (County) Board of Supervisors (Board) established Capital Project No. 69846 for the Child and Family Wellbeing Center (CFWC) at the Martin Luther King, Jr. (MLK) Medical Campus and directed the Chief Executive Officer (CEO) to enter into a funding agreement with APLA Health & Wellness (APLA), a California nonprofit public benefit corporation, for costs associated with the relocation to and development of a new APLA facility. APLA must relocate from its existing facility because a portion of the County-owned site where the proposed CFWC will be located is currently occupied by APLA pursuant to a gratis lease with the County (APLA Lease).

At the existing facility, APLA provides much needed services to members of the community living with HIV/AIDS. Thus, it is appropriate for the County to support and facilitate the construction of a new, larger and more comprehensive APLA facility with expanded clinical and support services in exchange for APLA’s agreement to relocate to accommodate the construction of the CFWC. To that end, a synergistic opportunity was identified with Charles R. Drew University of Medicine and Science (CDU), a California nonprofit corporation.

The County and CDU are parties to an Exclusive Negotiation Agreement (ENA) approved by the Board on November 21, 2017, and executed on December 11, 2018, in

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connection with a County-owned parcel generally located at 1743 East 120th Street across from the MLK Medical Campus in the Willowbrook community of South Los Angeles adjacent to the CDU campus. CDU and APLA have determined that a portion of the land subject to the ENA would be appropriate for the construction of a modular building not more than 10,000 square feet in size to be used by both CDU and APLA as medical office and clinical space (CDU/APLA Building). Construction of the CDU/APLA Building would allow APLA to remain on the MLK Medical Campus and would allow CDU to expand student services.

Accordingly, to allow for the synergistic relationship between CDU and APLA, the County and CDU are negotiating a Ground Lease on a portion of the County-owned parcel referred to as Area 1 as depicted on Exhibit A attached hereto (Area 1), and includes the following terms and conditions:

- Initial lease term of 35 years with an option to extend for an additional 5-year term.
- A nominal rent amount of \$1 per year.
- Sublease of approximately 80% of the premises to APLA.
- CDU will construct, maintain and operate the CDU/APLA Building. County shall have no obligation to contribute any funds to CDU to construct, maintain and operate such improvements except as specified in the Ground Lease.

In addition, the County and APLA would enter into an agreement to terminate the APLA Lease as well as the Non-Exclusive License Agreement (Termination Agreement) which would include the following terms and conditions:

- Termination of the lease and license agreements with APLA.
- Cease all County and APLA obligations under the Lease and License agreements (except as expressly provided).
- A release from APLA as to all claims, liabilities, damages, and causes of action arising out of or related to the agreements.

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Moreover, as stated above, on December 18, 2018, the Board authorized the CEO to enter into a funding agreement with APLA in the amount up to \$650,000 for costs associated with a new APLA facility and up to \$150,000 for a temporary dental unit, if necessary. Since that time, however, APLA has determined that for efficiency purposes, it will temporarily meet the needs of its patients by transporting them to other APLA locations and thus, will not implement a temporary dental unit on the MLK Medical Campus. There is a need, however, for more funding to support the costs of its new facility, making the reallocation of the \$150,000 necessary and appropriate. In addition, should there be unanticipated site preparation costs on the County's land, it is proposed that the County contribute to such potential costs an amount not to exceed \$100,000. If the additional site preparation work is not necessary, then the additional funding made available to APLA will be the original amount of up to \$150,000 (previously approved for the mobile unit) only.

Therefore, the proposed funding agreement with APLA will supersede the previously approved funding agreement, which has not been executed, and will provide the following funding to APLA: (1) \$800,000 for costs associated with the new APLA facility (i.e., the originally approved \$650,000 plus the \$150,000 originally allocated for temporary unit); and (2) up to \$100,000 for potential costs associated with additional site preparation for the development of the facility. Thus, with the additional funding, the total allocation to APLA will be in the amount not to exceed \$900,000.

The Board's approval of the following recommendations will allow the County and APLA to execute the Termination Agreement, allow the County and CDU to execute the Ground Lease for Area 1 as well as provide APLA with a supplemental allocation for its new facility with the goal of development of Area 1 and relocation of APLA to benefit the CDU campus, the MLK Medical Campus, the surrounding Willowbrook community, and residents throughout the County.

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I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that the proposed Ground Lease with Charles R. Drew University of Medicine and Science (CDU), as lessee, for the Area 1 project, and actions related to the Lease and Non-Exclusive License Termination Agreement (Termination Agreement) were, at the Los Angeles County Board of Supervisors (Board) meeting of December 18, 2018, previously found to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines, Sections 15303(c) and (d). In addition, it was previously found that no exceptions to the exemptions apply.
2. Find that the allocation of additional funding to fund a portion of the costs to develop the new APLA Health & Wellness (APLA) facility is within the scope of the previous finding of exemption on December 18, 2018, for the approval of the funding agreement with APLA and is not a project pursuant to the State CEQA Guidelines, Sections 15378(b)(4) & (5).
3. Pursuant to Government Code Section 26227, find that the premises (shown as Area 1 on the attached Exhibit A) proposed to be leased by CDU from the County pursuant to the Ground Lease are not required for County purposes during the term of the Ground Lease, and that the services to be provided from the premises are necessary to meet the social needs of the County and its residents.
4. Find that pursuant to Government Code Section 26227, the recommended action to approve additional funding for APLA to fund a portion of the costs to develop the new APLA facility is necessary to meet the social needs of the population of the County.
5. Approve the \$150,000 previously approved by the Board on December 18, 2018, for costs associated with a temporary modular dental unit to now be used by APLA to fund a portion of the costs to construct its new facility.

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6. Approve an Appropriation Adjustment to the Project and Facility Development budget unit of \$100,000, funded by the Health Agency departments within their existing departmental resources, based on the following preliminary allocation: Health Services – 56.3 percent, Mental Health – 29.1 percent, and Public Health – 14.6 percent. The final allocation will be adjusted based on actual program and space allocation of the MLK CFWC for each department.
7. Authorize the Chief Executive Officer (CEO), or her designee, to allocate additional funding to the previously approved funding agreement, and carry out the terms of and execute such funding agreement with APLA in the additional amount of up to \$250,000 for costs associated with the development of a new APLA facility, of which up to \$100,000 may be used for actual costs incurred for any additional site preparation; and further authorize the CEO, or her designee to determine the ultimate amount of the additional funding, as further described above, with the total grant to APLA in an amount not to exceed \$900,000.
8. Delegate and authorize the CEO, or her designee, to negotiate, execute, and if necessary, terminate the proposed Ground Lease with CDU, approved as to form by County Counsel, to develop, construct, and operate a modular building not more than 10,000 square feet in size to be used as medical office and clinical space for APLA and CDU.
9. Delegate and authorize the CEO, or her designee, to negotiate, execute, and if necessary, amend or terminate the proposed Termination Agreement with APLA, approved as to form by County Counsel.
10. Authorize the CEO, or her designee, to execute any other ancillary documentation, approved as to form by County Counsel, necessary to effectuate the terms of the proposed Ground Lease and proposed Termination Agreement, and authorize the CEO, or her designee, to take

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other actions necessary and appropriate to implement and effectuate the terms of the proposed Ground Lease and proposed Termination Agreement.

11. Delegate and authorize the CEO, or her designee, to approve the Sublease Agreement between CDU and APLA.

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(CG)

March 04, 2019

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE

FY 2018-19

3 - VOTES

SOURCES

USES

PROJECT AND FACILITY DEVELOPMENT

A01-CF-6800-10190

INTRAFUND TRANSFERS

DECREASE APPROPRIATION

100,000

PROJECT AND FACILITY DEVELOPMENT

A01-CF-5500-10190

OTHER CHARGES

INCREASE APPROPRIATION

100,000

SOURCES TOTAL

\$ 100,000

USES TOTAL

\$ 100,000

JUSTIFICATION

Reflects the increase in appropriation to the Project & Facility Development budget unit for a funding agreement with the APLA Health & Wellness related to the MLK Child and Family Wellbeing Center project (Capital Project No. 69846). The cost will be offset by funding from the Health Agency departments (DHS- 56.7%, DMH- 29.7%, DPH- 14.6%)

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15

MAR 12 2019

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

AUTHORIZED SIGNATURE

JAMES YUN, ACTING MANAGER, CEO

CELIA ZAVALA
EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR---

ACTION

RECOMMENDATION

AUDITOR-CONTROLLER

B.A. NO. 197

BY Larkaw

DATE March 7, 2019

APPROVED AS REQUESTED

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

DATE 3-8-19

EXHIBIT "A" SITE PLAN

6149-021-920

6149-019-017

6149-019-917

6149-019-91

6149-019-915

6149-019-911

E 118th Pl

6149-021-950

AREA 2

AREA 1
GROUND LEASE

6149-028-919

Unincorporated
Willowbrook
District 2

6149-022-926

E 120th St

E 119th St

6149-028-914

6149-028-918

